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January 6, 2006

VIA E-FILING & HAND DELIVERY

Mary Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Milford Water Company, D.T.E. 05-97

Dear Secretary Cottrell:

We file herewith, on behalf of Milford Water Company (the "Company"), the testimony of Henry C. Papuga in support of the Company's Application and Petition, for approval and authorization to issue and sell, on a negotiated basis, Term Notes in the aggregate principal amount of up to \$1,000,000.

With respect to the Petition, I note a typographical error that needs to be corrected. Specifically, on page 4 of the Petition, line 3 the word "not" should be deleted, so that the line reads: "interest rate for the Term Notes shall be 6.75% per annum unless a higher interest rate ..."

If there are any questions or if it is desired that we provide any further information, please do not hesitate to contact me.

Sincerely,



Eric J. Krathwohl

Enclosures

cc: Mr. Henry C. Papuga

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MILFORD WATER COMPANY

DIRECT EXAMINATION OF HENRY C. PAPUGA

D.T.E. 05-97

1
2 D.T.E. 05 - 97

3 MILFORD WATER COMPANY

4 Direct Testimony of

5 HENRY C. PAPUGA
6

7 Q: Please state your name, address and position with the Milford Water
8 Company, the applicant in the present proceeding,

9 A: My name is Henry C. Papuga. I am the Manager and Clerk of the Milford
10 Water Company (the "Company"), located at 66 Dilla Street, Milford, Massachusetts,

11 Q: Please summarize your professional and business experience.

12 A: I have been affiliated with the Company since January, 1983. I have been
13 Manager of the Company since January 1, 1984 and was elected to the Board of Directors
14 on March 21, 1984. I was elected Clerk of the Corporation on March 16, 1986. I am
15 involved in all aspects of the Company's operations including financial needs and
16 planning. Prior to my employment at the Company, I was the engineer for the City of
17 Chicopee Water Department. I am very active in a number of water industry
18 associations and hold various offices in such groups. Specifically, I am a Life Member of
19 the American Waterworks Association, a member of the Massachusetts Waterworks
20 Association, National Association of Water Companies, past Chairman of the New
21 England Chapter of NAWC, and current National Chairman of the NAWC Small
22 Companies Committee and New England Waterworks Association.

23 Q: Preliminary to a review of the Company's financing plans, would you
24 please briefly describe the Company and its operations?

1 A: The Company was incorporated March 1, 1881, and is engaged in the
2 business of the development, treatment, distribution and sale of water to approximately
3 8600 customers in the Town of Milford and to the Water Departments in the towns of
4 Hopedale and Medway and formerly Mendon, Massachusetts. Because of substantial
5 residential and industrial/commercial development within the service area and
6 compliance with the Safe Drinking Water Act, the Company has been called upon to
7 make significant additions to its water supply system, which in turn has created
8 significant capital requirements. Such additions have included, over the past several
9 years, a significant addition to the Company's Echo Lake reservoir investment, a new
10 filtration system for existing water supplies, new groundwater sources of supply,
11 treatment plant modifications, a new 2.7 million gallon water storage tank, the purchase
12 of watershed property to protect existing surface water supplies and maintain water
13 quality, and improvements to the Company's pumping facilities and distribution system.
14 Further improvements are likely to be required in connection with the Company's regular
15 capital improvements program, some of which is performed in conjunction with major
16 street resurfacing projects.

17 Q: Mr. Papuga, are you familiar with Company's plans for the issuance of
18 \$1,000,000 of term notes, which is the subject of the Company's petition in this
19 proceeding, including such matters as the timing thereof, the terms and conditions, and
20 the intended use of the proceeds therefrom?

21 A: Yes, I am.

22 Q: Will you briefly describe the main provisions of this proposed financing
23 using, if you wish, the exhibits that you have prepared for this purpose?

1 A: Yes. The exhibits to which you refer are entitled "Milford Water Company
2 Exhibits re: Issuance of \$1,000,000 Term Notes." These exhibits consist of an index page
3 and seven attachments.

4 Q: Were those attachments prepared by you or under your supervision and
5 control?

6 A: Yes, except of course for the commitment letter from Medway
7 Cooperative Bank as described below.

8 Q: Do any of the attachments describe the proposed term note issuance?

9 A: Yes, Attachment 1 sets forth a brief description of the terms and
10 conditions of the proposed issuance.

11 Q: Generally, what are the characteristics of the issuance?

12 A: The Company proposes to issue term notes in the aggregate principal
13 amount of \$1,000,000, at an interest rate of 6.75%, to mature not more than 10 years
14 from the date of issuance, and to be secured by a first mortgage on certain property of the
15 Company (the "Term Notes"). The Company proposes to privately place the Term Notes
16 pursuant to the terms of a note agreement to be executed between Medway Cooperative
17 Bank and the Company (the "Note Agreement"). A form of the Note Agreement will be
18 provided to the Department when it becomes available. Interest payments on the Term
19 Notes will be due on a monthly basis at an interest rate of 6.75% per annum and the
20 principal of the Term Notes will be amortized on a 25 year basis with the remaining
21 principal amount due at the end of the life of the Term Notes. The Company will provide
22 updates regarding other important terms, if any, as those arise during documentation of
23 the Note Agreement. The Term Notes will be designated "Milford Water Company Term

1 Notes,” or some other suitable designation.

2 Q: Are there any conditions to the issuance of the Term Notes?

3 A: The Company does not believe there are any conditions other than the
4 requirement of approval by the Department. However, the Company does point out that
5 the proposed terms of the Term Notes require the Company to provide security in the
6 form of a first mortgage on some of the Company’s property. The Company further
7 points out that the Company’s existing senior notes allow the Company to issue
8 additional debt securities that are secured by a lien, only if the Company meets certain
9 financial tests and uses the proceeds for specified purposes or the Noteholder consent.
10 The Company believes it has satisfied these requirements and has been in contact with
11 the Noteholder. The Company has been in contact with the holder of the Senior Notes
12 (the “Noteholder”) and is hopeful that such Noteholder will give the necessary consent. If
13 the Noteholder does not agree with the Company’s views or does not give such consent,
14 the basic terms of the debt may have to be revisited.

15 Q: Would you please describe the timing of the issuance, draw-down and
16 application of the proceeds of the Term Notes?

17 A: The issuance of the Term Notes is proposed to occur as soon as
18 practicable after receiving Department approval therefor. The proceeds will be used
19 primarily for the repayment of short-term borrowings incurred for recent capital projects.
20 Note that the Company has added over \$10,000,000 to plant since its last financing.

21 Q: Why did the Company choose to undertake this proposed financing at this
22 time?

23 A: The main reason at this time for seeking additional financing is to provide

1 the funds necessary to fund a significant portion of the Company's permanent additions
2 to plant, so that the Company's short-term borrowings can be used more properly to
3 finance working capital. Moreover, issuance of the Term Notes will bring the Company's
4 capital structure more closely into a balance of debt and equity which will assist the
5 Company in obtaining further financing in the future, and also will serve to provide long
6 term capital on terms favorable to the Company.

7 Q: Please explain how the Company selected the purchaser of the Term
8 Notes.

9 A: In August 2005, the Company initiated actions to enter the financial
10 marketplace to issue new long term debt to refinance existing short term debt and/or to
11 finance capital improvements. Because of the increasing interest rates and the expansion
12 of the Company's short term debt, the Company felt that it would be in the best interest
13 of the ratepayers to "term out" some of the Company's short-term financing to try to
14 obtain a fixed interest rate to finance capital improvements at this time. Nine financing
15 sources were contacted regarding purchasing such debt. Based upon the responses and
16 consideration of the interest rate environment and likely future financing requirements of
17 the Company, and after discussions of the Company's Board of Directors at the
18 September 16, 2005 meeting and in the following week, the Company determined it
19 should seek bids for a \$1,000,000 10 year note. Again the Company contacted seven
20 financing sources and five institutions provided proposals. A brief description of each of
21 these prospective financing sources and their proposals appears on Attachment 1A hereto.
22 At the Board of Directors meeting held October 19, 2005 the Directors voted to accept
23 the Medway Cooperative proposal. The Company chose Medway Cooperative largely

1 because its proposal was the most favorable in economic terms, while the other terms
2 (e.g. length of note, security, etc.) were quite similar among the various proposals. On
3 November 7, 2005, Medway Cooperative Bank provided the Company with a
4 commitment letter. See Attachment 1B.

5 Q: Would you please describe Attachment 2?

6 A: Attachment 2 consists of a balance sheet of the Company as of December
7 31, 2004 (audited) and September 30, 2005 (unaudited).

8 Q: Do you have any further exhibits that demonstrate the adequacy of the
9 Company's property to support the proposed financing?

10 A: Yes. Attachment 3, entitled "Net Plant vs. Capitalization", is a
11 comparison of the Company's property to outstanding securities after giving effect to the
12 proposed issuance (i.e., on a pro forma basis).

13 This attachment shows a net property balance of \$11,189,063 (as of September 30,
14 2005), which would be more than adequate to support the total of the Company's
15 outstanding and proposed securities of \$3,261,600 even after consideration of the
16 \$5,443,858 of contributions in aid of construction. The size of this ratio amply
17 demonstrates the sufficiency of the Company's capital structure.

18 Q: Please comment on Attachment 4, entitled "Milford Water Company
19 Statement of Capitalization at September 30, 2005, with Pro Forma Adjustments".

20 A: Attachment 4 shows the Company's debt securities and equity capital
21 outstanding on September 30, 2005, as well as on a pro forma basis after giving effect to
22 the proposed issuance of securities. This attachment also shows the date of issuance, date
23 of maturity and interest rate of each series of the Company's debt securities. On a pro

1 forma basis, the Company's capitalization will be \$8,634,989 of equity capital and
2 \$2,487,500 of debt capital, representing 78% and 22% respectively, of the Company's
3 total capitalization.

4 Q: Has the Company taken the necessary corporate votes to accomplish this
5 proposed transaction?

6 A: Yes. Those are attached as Attachment 5.

7 Q: Is it necessary for the Company to take any action with the Securities and
8 Exchange Commission in order to issue the Term Notes?

9 A: No. We have been advised by counsel that the issuance and private
10 placement of the Term Notes would be exempt from registration or qualification
11 provisions of federal securities laws as a transaction not involving any public offering of
12 securities.

13 Q: In your opinion, is the proposed issuance of Term Notes in the interest of
14 the public and the Company?

15 A: Yes.

16

17

Attachments

1. Summary of Terms of Proposed Note
- 1A. Description of Surveyed Lenders and Offers
- 1B. Medway Coop Commitment letter
2. Balance Sheet
3. Net Plant vs. Capitalization
4. Statement of Capitalization With Pro Forma Adjustments
5. Corporate Resolutions

TERMS OF PROPOSED ISSUANCE

SECURITIES:	Term Notes
ISSUER:	Milford Water Company
PRINCIPAL AMOUNT:	\$1,000,000
INTEREST RATE:	6.75% Fixed Term
MATURITY:	10 Years
PAYMENTS:	Consecutive monthly installments of \$6,909.12 of principal and Interest based on a 25-year amortization period.
PREPAYMENT PENALTY:	3% of the loan balance if paid of in the first year. 2% of the loan balance if paid off in the second year. 1% of the loan balance if paid off in the third year. Prepayment penalty waived if refinanced with Medway Co-operative Bank.
SECURITY:	To be determined.
PURPOSE:	Consolidate and term out short term loans.

MILFORD WATER COMPANY

Attachment 1A

\$650,000 & \$1,000,000 LONG-TERM DEBT PROPOSALS

INSTITUTION	LOAN AMOUNT	INTEREST RATE	FIXED TERM	NOTE TERM	AMORT.	PREPAY PENALTY	POINTS	COLLATERAL	PERSON. GUARAN.
Bank of America	Bank is very interested in working w/MWCo. Will not lend money w/25 year amortization.								
Benjamin Franklin	\$650,000	FHLB+2.00 (6.68%)	5 YR	25 YR	25 YEAR	3% OF BAL	NONE	1ST MORT.	NO
	\$650,000	FHLB+2.00 (6.76%)	7 YR	25 YR	25 YEAR	3% OF BAL	NONE	1ST MORT.	NO
	\$1,000,000	FHLB+2.00 (6.68%)	5 YR	25 YR	25 YEAR	3% YR 1-4	NONE	1ST MORT.	NO
	\$1,000,000	FHLB+2.00 (6.76%)	7 YR	25 YR	25 YEAR	3% YR 1-4	NONE	1ST MORT.	NO
Medway Co-Op	\$650,000	WSJP - (6.75%)	10 YR	10 YR	25 YEAR	3% 1ST YR	NONE	1ST MORT.	NO
	\$1,000,000	WSJP - (6.75%)	10 YR	10 YR	25 YEAR	3% 1ST YR	NONE	1ST MORT.	NO
Milford Federal	\$650,000	6.99% - (6.74%)	10 YR	10 YR	25 YEAR	NONE	NONE*	1ST MORT.	NO
	\$1,000,000	7.125% - (6.875%)	10 YR	10 YR	25 YEAR	NONE	NONE*	1ST MORT.	NO
Milford National	\$650,000	6.35%	10 YR	10 YR	25 YEAR	NONE	NONE*	1ST MORT.	NO
	\$1,000,000	6.85%	10 YR	10 YR	25 YEAR	NONE	NONE*	1ST MORT.	NO
Modern Woodman	Institution is very interested in quoting \$1,000,000 note. Need additional info. Do not usually lend w/25 yr amortization.								
Uni-Bank	\$650,000	WSJP - (6.75%)	10 YR	10 YR	25 YEAR	NONE	NONE	ALL ASSETS	NO
	\$1,000,000	WSJP - (6.95%)	10 YR	10 YR	25 YEAR	NONE	NONE	ALL ASSETS	NO



COPY

November 7, 2005

Milford Water Company
66 Dilla Street
Milford, MA 01757-1104
Attention: Leonard H. White, President
David H. White, Vice President & Treasurer

Dear Sirs:

On behalf of Medway Co-Operative Bank (the "Bank"), I am pleased to offer Milford Water Company (the "Borrower") a commitment for the following credit accommodation (the "Credit Accommodation"), subject to all the following terms and conditions:

1. Commercial Term Loan.

- | | | |
|-----|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | <u>Maker(s):</u> | Milford Water Company |
| (b) | <u>Credit Amount:</u> | \$1,000,000.00 |
| (c) | <u>Type of Credit:</u> | Commercial Term Loan |
| (d) | <u>Term:</u> | 120 Months |
| (e) | <u>Purpose of Loan:</u> | Consolidate and term out existing short-term loans. |
| (f) | <u>Interest Rate:</u> | 6.75 % Fixed for the Term of the Loan |
| (g) | <u>Payments:</u> | Consecutive monthly installments of \$8,909.12 of principal and interest based on a 25-year amortization period. |
| (h) | <u>Prepayment Penalty:</u> | 3% of the loan balance if paid off in the first year
2% of the loan balance if paid off in the second year
1% of the loan balance if paid off in the third year
Prepayment penalty waived if refinanced with Medway Co-operative Bank. |

2. Collateral. The following shall be given as collateral to secure the performance and payment of all obligations respecting the Credit Accommodation:

Commercial Real Estate (the "Commercial Property")

A first priority mortgage on real property located at 66 Dilla Street, Milford, Massachusetts 01757-1104.

3. Financial Reporting.

(a) Milford Water Company shall furnish the following financial reports:

<u>Type of Report(s)</u>	<u>Frequency</u>	<u>Due Date</u>
Financial Statements – Audited	Annually	90 days after end of fiscal year.
Interim Statements – Internally prepared	Quarterly	Within 45 days of close of quarter.

In addition, Milford Water Company shall furnish to the Bank such other reports as shall be required in the loan documents.

4. Costs and Expenses. Whether or not this Credit Accommodation is closed, all costs and expenses incurred by the Bank in connection with the Credit Accommodation, including but not limited to attorneys' fees and any and all other expenses, shall be paid by the Borrower on demand therefor. Such costs and expenses shall be in addition to, and shall not be offset against, any commitment or other fee due and owing to the Bank.

5. Indemnification. Borrower agrees to indemnify the Bank and hold it harmless from and against all costs, expenses (including fees and expenses of counsel) and liabilities arising out of or relating to any litigation or other proceeding (regardless of whether the Bank is a party thereto) which relate to the proposed transaction, including the financing contemplated hereby or any transactions connected therewith, provided that the Bank will not be indemnified for its gross negligence or willful misconduct. Borrower's obligations under this paragraph shall survive any termination of the Bank's commitment hereunder and shall be effective regardless of whether definitive loan and collateral documentation is executed or any loans are made respecting the Credit Accommodation.

6. Bank's Counsel. Counsel engaged to represent the Bank in connection with the Credit Accommodations is Attorney Jeffrey D. Williams, 219 East Main Street, Milford, Massachusetts 01757. Phone # 508-466-1777. The responsibility of the Bank's attorney(s) is limited to representing the interest of the Bank, notwithstanding the fact that the Borrower shall be obligated to pay the Bank's legal fees. Further, the Bank assumes no responsibility to the Borrower for the acts or omissions of its attorney. The Borrower may elect to engage its own attorney.

7. Real Estate Due Diligence. Prior to the closing the Bank shall request and receive an appraisal satisfactory to the Bank of all real estate being encumbered (the "Real Estate"), such surveys or engineer's reports as the Bank shall require respecting the Real Estate, title and compliance with zoning and land use laws respecting the Real Estate. Such appraisal shall be acceptable to the Bank and confirm that the loan amount does not exceed 80% of the fair value of the Real Estate, i.e. the fair value appraisal of the Real Estate must be at least \$1,250,000.00. Further, the Bank shall require satisfactory evidence concerning the existence of hazardous materials as defined by Massachusetts Chapter 21E. The cost of these will be born by the Borrower. In addition the Bank's legal documentation shall contain provisions concerning the payment of taxes and purchase of property insurance for the Real Estate acceptable to the Bank and such other provisions acceptable to the Bank in its sole discretion.

8. Legal Opinions. Prior to closing, at the option of the Bank, there shall be delivered to the Bank an opinion of Borrower's counsel acceptable to the Bank covering matters customary for a transaction of this type and nature and which shall, without limitation, opine that: (1) all loan documents have been validly authorized and executed by and on behalf of the Borrower and the guarantors, if any; (2) all loan documents are enforceable in accordance with their terms and do not violate any legal requirements; and (3) the loan documents create perfected liens and security interests in the real or personal property collateral.

9. Acceptance of Commitment. This commitment letter must be accepted and returned to the Bank no later than at the close of business on November 21, 2005 (along with any fees due with the acceptance of this letter), and the closing of the Credit Accommodation must occur within 60 days thereafter. The Bank's commitment hereunder will expire in the event the Bank has not received such acceptance and applicable fees, if any, on or before November 21, 2005 or the closing has not occurred within such 60 day period, all in accordance with the prior sentence.

10. Use of Proceeds. No portion of any of the Credit Accommodation is to be used for (i) the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. 221 and 224 or (ii) primarily personal, family or household purposes

11. Filing of Financing Statements. Pursuant to the Uniform Commercial Code (the "Code"), prior to the closing of the Credit Accommodations or at any time thereafter, if the Credit Accommodations are or will be at any time secured by any property, Borrower and each guarantor (if any) authorize Bank to file financing statements, continuation statements or amendments without Borrower's or any guarantor's signature appearing thereon, and any such financing statements, continuation statements or amendments may be signed by Bank on behalf of Borrower or any such guarantor, if necessary, and may be filed at any time in any jurisdiction. Bank may at any time and from time to time file financing statements, continuation statements and amendments thereto which contain any information required by the Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Borrower or any guarantor is an organization, the type of organization and any organization identification number issued to Borrower or any such guarantor. Borrower and any such guarantor agrees to furnish any such information to Bank promptly upon request.

12. Supersedes Prior Dealings. This letter supersedes Borrower's application for the Credit Accommodation and any other prior dealings between the Borrower and its agents and the Bank in connection with the Credit Accommodation.

13. Survival of Conditions. The terms, conditions, requirements and obligations of the Borrower and any guarantor set forth herein shall survive and remain in full force and effect after the closing of the Credit Accommodation unless expressly superseded by the loan documents or by written waiver of the Bank.

14. Governing Law. Commonwealth of Massachusetts.

15. Counterparts. This letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement.

16. Additional Terms. This letter does not include all the terms and conditions that will be covered in the Bank's legal documentation for the Credit Accommodation, but it does state the essential business terms of the Bank's commitment. These terms have been approved in reliance on the financial statements, projections, and other information provided by Borrower to the Bank, and are therefore conditional upon there being no material adverse change in the Borrower's financial condition or any adverse change, governmental or judicial action concerning the Borrower's business or assets. In addition, the extension of any financial accommodation by the Bank is subject to the execution of, and compliance with, documentation that is satisfactory to the Bank and its counsel, which shall include additional terms and conditions, including without limitation additional reports, as well as the filing by Bank, in its discretion, of initial financing statements.

If you have any questions or comments on the terms of this letter, please do not hesitate to call me. If the foregoing terms and conditions are acceptable to you, please acknowledge below and return a signed counterpart to this letter on or before the close of business on November 21, 2005 together with all applicable fees, if any. The Bank's commitment hereunder will expire at such time in the event the Bank has not received such acceptance and applicable fees, if any, in accordance with the prior sentence.

Very truly yours,
Medway Co-Operative Bank

By: Melvin R. McKee
Melvin R. McKee
Vice President, Senior Commercial Lending
Officer

The above commitment is hereby accepted:

Witness:

Anna Skice

Anna Skice

Borrower:

Milford Water Company

By: Leonard H. White
Leonard H. White, President

By: David H. White
David H. White, Vice President & Treasurer

BALANCE SHEET

Account No.		Balances at 12/31/04	Unaudited Balances at 9/30/2005
101-113	Plant Investment	\$20,886,791	\$20,918,244
114-119	General Equipment	593,447	593,447
201	Unfinished Construction	1,262,105	1,631,000
	Total Investments	22,742,343	23,142,691
204	Cash Accounts: General	89,118	323,892
207	Accounts Receivable	576,211	729,612
209	Materials & Supplies	85,628	83,758
	Total Current Assets	750,957	1,137,262
213	Prepaid Insurance	26,255	18,011
215	Other prepayments	378	378
	Total Prepayments	26,633	18,389
216	Unamortized Debt Expense	26,716	24,044
	Replacement of Sand	14,856	14,856
218	Other Unadjusted Debits	23,869	23,869
		65,441	62,769
	TOTAL ASSETS AND OTHER DEBITS	\$23,585,374	\$24,361,111
301	Common Stock	\$400,000	\$400,000
302	Preferred Stock	374,100	374,100
306	Long Term Notes	1,574,473	1,487,500
307	Notes Payable	450,000	650,000
308	Accounts Payable	284,860	68,354
309	Customer Deposits	5,644	26,994
312	Other Current Liabilities	(3)	450
313	Tax Liability	658,650	845,266
314	Interest Accrued	8,027	37,885
315	Other Accrued Liabilities	92,636	23,075
317	Investment Tax Credit	71,189	63,936
319	Depreciation Reserve	6,672,885	7,061,028
320	Other Reserves	17,776	17,776
323	Contributions in Aid of Construction	5,422,200	5,443,858
400	Profit and Loss Balance	7,552,937	7,860,889
	TOTAL LIABILITIES AND OTHER CREDITS	\$23,585,374	\$24,361,111

NET PLANT vs. CAPITALIZATION

	at 12/31/04 (Audited)	at 9/30/05 (Unaudited)
Plant in service at 12/31/04		
Plant Investment	\$20,886,791	20,918,244
General Equipment	593,447	593,447
Total	21,480,238	21,511,691
less: Depreciation	(6,672,885)	(7,061,028)
Net plant in service at 12/31/2004	14,807,353	14,450,663
Capitalization:		
Common Stock	\$400,000	\$400,000
Preferred Stock	374,100	374,100
Long Term Notes (existing)	1,574,473	1,487,500
Long-term debt (proposed borrowing)	1,000,000	1,000,000
Total Capitalization	\$3,348,573	\$3,261,600
Amount net plant exceeds capitalization	\$11,458,780	\$11,189,063
Contributions in aid of construction	5,422,200	5,443,858
Excess adjusted for CIAC	\$6,036,580	\$5,745,205

**Statement of Capitalization at September 30, 2005
with Pro Forma Adjustments**

<u>Equity</u>	<u>9/30/2005</u>	<u>9/30/2005</u> <u>Pro Forma</u>
Common Stock	\$400,000	\$400,000
\$50 par value		
8,000 shares authorized and outstanding		
Class A Preferred Stock	\$100,000	\$100,000
\$50 par value		
2,000 shares authorized and outstanding		
Class B Preferred Stock	\$274,100	\$274,100
\$50 par value		
5,482 shares authorized and outstanding		
Earned Surplus	\$7,860,889	\$7,860,889
Total Equity	\$8,634,989	\$8,634,989
<u>Debt</u>		
9.1% Senior Notes due 2012	\$1,487,500	\$1,487,500
6.75% Term Notes due 2016 (pro forma)		\$1,000,000
Total Debt		\$2,487,500
Total Capitalization	\$10,122,489	\$11,122,489

Attachment 5

MILFORD WATER COMPANY

Resolutions of the Board of Directors

October 19, 2005

VOTED: That Milford Water Company (the "Company") authorize, execute, sell and deliver, at par, through a private placement offering exempt from registration with the Securities and Exchange Commission under the Securities Act of 1933, up to \$1,000,000 aggregate principal amount of Milford Water Company Term Notes (the "Term Notes"), bearing an interest rate of 6.75% to be issued to Medway Co-operative Bank 70 Main Street, Medway, Massachusetts 02053 (the "Purchaser") as presented in its letter dated September 28, 2005. The bank waived its requirement that it would take over all of the company's primary and operating accounts; and

FURTHER VOTED: That the President or the Treasurer of the Company be and each of them hereby is authorized, in the name and on behalf of the Company, to execute and deliver a purchase agreement with respect to the Term Notes (the "Purchase Agreement"), setting forth the terms and conditions for the purchase and sale of the Term Notes consistent with these resolutions such Purchase Agreement to be in the form as may be approved by the officer executing the same, the execution and delivery thereof to be conclusive evidence of such approval; and

FURTHER VOTED: That the Company execute, sell and deliver, upon receipt of the purchase price therefore, up to \$1,000,000 aggregate principal amount of Term Notes to the Purchaser pursuant to and in accordance with the provisions of the Purchase Agreement; and

FURTHER VOTED: That, upon the execution and delivery of the Purchase Agreement, the President and the Treasurer of the Company be and the same hereby are authorized, in the name and on behalf of the Company, to execute, by manual or facsimile signature, a Term Note or Term Notes in an aggregate principal amount of \$1,000,000; and the appropriate officers of the Company be and the same hereby are authorized to deliver such Term Note or Term Notes so executed to the Purchaser upon receipt of payment therefore from the Purchaser; and

FURTHER VOTED: That the appropriate officers of the Company be, and each of them hereby is, authorized to cause to be paid those expenses in connection with the proposed offering of the Term Notes, including, but not limited to, the fees and disbursements of the Company's counsel and accountants; the filing fee and other necessary expenses incurred in connection with the application to the Department of Telecommunications and Energy for authorization to issue and sell the Term Notes; and all miscellaneous costs involved; and

FURTHER VOTED: That the officers of the Company in their respective capacities, and each of them individually, be and hereby are, authorized to take all such further action and to execute all such further instruments and documents in the name and on behalf of the Company and under its corporate seal or otherwise, to pay all such expenses and taxes, to comply with any and all applicable state securities laws, to apply for and act in accordance with all such orders of regulatory authorities having jurisdiction, and to perform, or cause to be performed, the obligations of the Company under the Purchase Agreement and the Commitment Letter as in the judgment of such officers shall be necessary, proper or advisable in order to carry out fully the intent and accomplish the purposes of the foregoing resolutions and each of them; and

FURTHER VOTED: That the President, and Treasurer of the Company and each of them individually be and hereby are authorized to execute and file, or cause to be executed and filed, pursuant to governing law and regulations in the name and on behalf of the Company an Application to the Department of Telecommunications and Energy of the Commonwealth of Massachusetts by which the Company asks for such authority and approval as may be required or appropriate for the issue and sale up to \$1,000,000 Principal Amount of secured Term Notes, as to be set forth in said Application to the Department of Telecommunications and Energy the execution of which by an authorized officer to be conclusive evidence of his authority so to act; and

FURTHER VOTED: That the several acts of the officers and agents of the Company heretofore done or taken in connection with the authorization, execution, sale and delivery of the Term Notes be and the same hereby are approved, ratified and confirmed.

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